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January 16, 1996

Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

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Attention: Cable Services Bureau

Re: Comments of Blade Communications, Inc. in  
CS Docket No. 95-174, Uniform Rate-Setting  
Methodology

Ladies and Gentlemen:

Transmitted herewith on behalf of Blade Communications,  
Inc. is an original and five copies of the above-referenced  
Comments.

Should any questions arise in connection with this  
matter, please communicate with the undersigned counsel.

Sincerely,

  
Donna C. Gregg

DCG/dlf  
Enclosure

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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JAN 16 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of: )

Implementation of Sections )  
of the Cable Television Consumer )  
Protection and Competition Act )  
of 1992 -- Rate Regulation )

CS Docket No. 95-174

Uniform Rate-Setting Methodology )

To: The Commission

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COMMENTS OF BLADE COMMUNICATIONS, INC.

Blade Communications, Inc., by its attorneys, hereby submits its comments in response to the Commission's Notice of Proposed Rulemaking in CS Docket No. 95-174 (FCC 95-472, released November 29, 1995) ("NPRM"), in which the Commission explores an optional rate-setting methodology under which a cable operator could establish uniform rates for uniform cable service tiers offered in multiple franchise areas. These comments are filed in an attempt to help the Commission create rules that would implement uniform rates while minimizing the costs for the Commission, cable operators, and franchise authorities.

Blade Communications, through its wholly-owned subsidiaries, owns and operates three cable systems in Toledo, Ohio, Sandusky, Ohio, and Monroe, Michigan. These systems serve approximately 157,000 subscribers in 31 franchise areas. Each of the three systems has consistently followed the policy that all programming and equipment rates should be the same within a system because the channel lineup

and equipment used is the same for all franchise areas within a system.<sup>1</sup> Simply, Blade believes all subscribers should pay the same rates if they receive the same services regardless of which franchise area they live in.

Blade Communications believes that if rates are forced to be calculated differently for each of its franchise areas, this will confuse customers in that they will not understand why rates may be slightly different in another area, or perhaps just across the street. Also, Blade believes that its customer service and marketing efforts will be greatly hampered with unnecessary complications if rates are forced to be slightly different for each franchise area. Consequently, Blade strongly supports the Commission's goal of permitting operators serving multiple franchise areas to establish uniform rates for uniform services.

However, Blade Communications believes that the method to establish uniform rates should be simplified to minimize the cost and effort for all parties. In the NPRM, the Commission suggested two approaches to establish uniform rates. While both approaches would accomplish the goal of uniform rates, they both are unnecessarily burdensome in that they require a franchise specific rate calculation (via Form 1200) for each franchise. We believe that the data used in

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<sup>1</sup> As a result of Blade's efforts to keep rates uniform throughout each system, together with its commitment to keep rates reasonable, the systems are subject to rate regulation via local certification in only three of the 31 jurisdictions served and have received subscriber complaints in only five communities, where rates have been consistently upheld upon Commission review.

Form 1200 should be averaged across all franchise areas having similar channel lineups and then only one calculation of rates on the Form 1200 is necessary.

For example, the census income used in Form 1200 could be averaged for all franchises by allowing a weighted average calculation by franchise area or by zip code. The number of tier changes, additional outlets and remotes rented (all factors in the Form 1200 benchmark formula) could also be calculated for the system and not on a franchise specific basis.

This would eliminate the need for a Form 1200 calculation for each franchise area and then a subsequent averaging of those results, and replace it with a more efficient method of averaging the data used in Form 1200 and then performing only one Form 1200 calculation. This would greatly reduce the effort and cost on behalf of cable operators and also would reduce the time and cost of the review process for the Commission and franchise authorities. Calculating an average census income level for the system and producing one Form 1200 is much simpler than producing separate Form 1200's for each franchise area and then averaging those results.

Blade Communications also supports the Commission's goal of not allowing franchise specific costs to be shifted from one community to another as stated in paragraph 24 of the

NPRM. However, to simplify the matter, we suggest that only changes in franchise specific costs that have effected rates via Form 1210 be itemized and charged for separately outside the uniform rate-setting formula. This would eliminate the need for a calculation in the new uniform rate-setting formula to carve-out franchise costs that existed prior to March 31, 1994 and have had no effect on rates. In other words, changes in franchise specific costs since March 31, 1994 have presumably been reflected in Form 1210 and have effected rates since that time. These costs are easily identifiable. Since the benchmark rate was calculated at March 31, 1994, franchise costs existing at that time did not enter into the rate calculation because they were not a factor in the benchmark formula.

There is no need to itemize franchise specific costs on the bill unless increases have occurred since the benchmark calculation and a system opts to pass these through as an external cost, or must pass through in the case of a decrease in costs. To itemize franchise specific costs that occurred prior to March 31, 1994, would cause confusion among our customers and could be a sensitive issue with franchise authorities.


Finally, in response to the Commission's inquiry concerning the appropriate region or area in which a cable operator may establish uniform rates. Among the proposals

mentioned is allowing uniform rates to be set within the same ADI. As is the case with many cable systems, one of Blade's systems serves subscribers in two different ADIs. Thus, Blade urges the Commission to permit technically integrated systems to utilize the uniform rate-setting methodology even though their service may extend into more than one of whatever area ultimately is selected.

Blade Communications appreciates the Commission's efforts to improve the regulatory process and their solicitation of industry comment. We hope the Commission continues to endeavor to ease the burdens on operators, franchise authorities, and the Commission itself while ensuring that subscribers receive service at fair and reasonable prices.

Respectfully submitted,

BLADE COMMUNICATIONS, INC.

By:   
Donna C. Gregg  
of

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1776 K Street, NW  
Washington, D.C. 20006  
(202) 429-7000

Its Attorneys

January 12, 1995

## AFFIDAVIT

STATE OF OHIO )

COUNTY OF LUCAS )

SS:

Before the undersigned notary public, I, Bradley Mefferd, Treasurer of Buckeye Cablevision, Inc., being duly sworn according to law, depose and say that I have reviewed the attached Comments. I hereby certify that the facts set forth in the Comments are true and correct, to the best of my knowledge, information and belief.

  
BRADLEY MEFFERD

Subscribed and sworn to before me the 11<sup>th</sup> day of January, 1996.

  
NOTARY PUBLIC

VICKIE OPPERMAN  
Notary Public, State of Ohio  
My Commission Expires 3-1-99